



County of Los Angeles CHIEF EXECUTIVE OFFICE

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WILLIAM T FUJIOKA
Chief Executive Officer

May 8, 2008

To: Supervisor Yvonne B. Burke, Chair
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

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Third District

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Fifth District

SACRAMENTO UPDATE

This report contains an update and analysis of a recent proposal by the Legislative Analyst's Office (LAO) identifying additional Parole Realignment options, and information on the status of certain bills of importance to the County.

Parole Realignment Update

On May 5, 2008, the LAO transmitted a letter to Senator Ducheny outlining additional options for their Parole Realignment proposal, first presented in the LAO's *2008-09 Budget: Perspectives and Issues*, released in February 2008. The letter identifies several concerns about the initial LAO Parole Realignment proposal resulting from discussions with legislative staff and stakeholder groups, including counties and cities, and provides alternatives to address these issues. The LAO indicates that the purpose of the letter is to encourage further discussion during budget deliberations.

The Public Safety Cluster of this office is working closely with its involved departments to ensure the LAO's proposal is analyzed in a timely and effective manner. In addition, this office is participating in a task force formed by the California State Association of Counties (CSAC) to address fiscal and operational issues related to parole realignment. It is not known if parole realignment will be addressed in the Governor's May Revise which is scheduled for release on May 14, 2008.

Original LAO Parole Realignment Proposal

The original LAO proposal recommended the transfer of 71,400 parolees from State prison to county supervision. Of that amount, we estimated that 28,000 of these parolees would be supervised in Los Angeles County. In our previous Sacramento Updates of March 21, 2008 and April 10, 2008, we estimated that revenues could range from \$132 million to \$151 million and

expenditures from \$261.5 million to \$301 million. As estimated costs exceed revenue, the proposal would result in an estimated additional net County cost of between \$110.5 million and \$202.5 million.

The LAO's estimated cost to provide services for the 71,400 parolees was \$483 million or \$6,770 per parolee. The LAO originally identified three funding sources for parole realignment totaling \$495 million, or \$12 million more than existing funding for this workload. The sources were transfers of: ad valorem property taxes from water and waste special enterprise districts (\$188 million); cities' share of sales taxes collected pursuant to the provisions of Proposition 172 (\$178 million); and Vehicle License Fees currently being used to support administrative costs of the Department of Motor Vehicles (DMV) (\$130 million). The total funding was designed to be slightly more than the existing costs in order to offset initial year transition costs and to provide incentives for counties to provide high levels of service and to reduce recidivism among the parolee population.

Issues Outlined in the May 5, 2008 Letter to Senator Ducheny

Costs of Parole Revocation and Substance Abuse Services. While the LAO's \$483 million cost to provide services to parolees included incarceration of parole re-offenders, it did not include costs for the process to revoke parole or substance abuse services. As a result, the LAO has now factored these additional costs into its proposal. In determining a revocation process, the LAO presented two models: 1) a local administrative parole board model; and 2) a court revocation model.

Under a local parole board model, a county would establish a parole board and hold administrative hearings to determine whether a person would have their parole revoked. With an average estimated cost of \$280 per parolee, this approach would add \$7.8 million to the cost for the projected 28,000 parolees in Los Angeles County.

The court revocation model requires the courts to hold a hearing to determine whether a person would have their parole revoked. Due to the adversarial nature of this method of revocation determination, the LAO estimates an average cost of \$750 per parolee. Of this amount, \$270 per parolee is attributable to court costs and \$480 per parolee is estimated as county costs to provide legal services related to prosecution and defense of the individual.

The LAO's estimated average costs for a parolee's substance abuse treatment at \$850 per offender. As a result, the LAO's estimated cost to implement parole realignment is adjusted as follows:

	Option 1: Administrative <u>Revocation</u>	Option 2: Criminal Court <u>Revocation</u>
Original Estimated Costs (per parolee)	\$ 6,770	\$ 6,770
Revocation Process	280	480*
Substance Abuse	850	850
Revised Total Estimated Costs	\$ 7,900	\$ 8,100

* Excludes State court costs of \$270 per parolee

In addition, the LAO also revised the number of potential parolee transfers downward from 71,400 to 50,700. This represents a reduction of 20,700 or 29 percent. The reduction reflects the elimination of parolees scheduled for deportation or those with a history of committing serious and/or violent crimes. Assuming a proportionate reduction in parolees transferred to Los Angeles County, the revised number of parolees transferred to Los Angeles County for supervision is estimated at 20,160.

However, based on original per parolee estimates provided by County departments (potential costs ranging from \$261 million to \$301 million), a proportional reduction of 29 percent in the number of parolees to account for 20,160 parolees would result in costs to the County of between \$185.7 million and \$222.7 million. The latter estimate includes some fixed facility costs that cannot be reduced proportionately. Assuming the \$8,100 per parolee in the criminal court revocation model (\$163.3 million), the proportional net County cost of the revised parole realignment proposal would be between \$22 million and \$59.4 million.

The following table summarizes the original and revised estimates reflecting the new assumptions for a reduced number of potential parolees to be supervised within Los Angeles County and enhanced revenue resulting from additional allowances for the revocation process and substance abuse services. As previously noted, estimates for the revised LAO proposal are being prepared by involved County departments and will be provided to your Board in a future update.

Original LAO Plan (28,000 parolees)

	Low End <u>Estimate</u>	High End <u>Estimate</u>
Original County Estimated Costs	\$ 261.5 million	\$ 301.0 million
<u>Projected Revenue</u>	<u>(151.0)</u>	<u>(132.0)</u>
Original Estimated Net County Cost	\$ 110.5 million	\$ 169.0 million

Revised LAO Plan (20,160 parolees)

	Low End <u>Estimate</u>	High End <u>Estimate</u>
Revised County Estimated Costs*	\$ 185.7 million	\$ 222.7 million
<u>Projected Revenue</u>	<u>(163.3)</u>	<u>(163.3)</u>
Revised Estimated Net County Cost	\$ 22.4 million	\$ 59.4 million

* Estimated Costs Subject to Revision – Revenue Based on Court Revocation Model

The LAO's revised proposal acknowledges that parolees subject to deportation or with histories of violent and/or serious crimes would not be good candidates for transfer to counties. The proposal also correctly recognizes that counties will incur costs for prosecution, legal representation, and substance abuse treatment. While the reduced number of parolees transferred to counties combined with the increased per capita reimbursement reduce the cost to counties to implement parole realignment, the remaining costs to counties are still significant.

Funding. Subsequent to the LAO's initial proposal, a number of discussions have occurred, including meetings of CSAC, raising policy concerns about the redirection of Proposition 172 sales tax revenues from the cities and Constitutional concerns related to the transfer of property tax revenue for use with parole realignment. The LAO also noted the reluctance of counties to

assume authority for determining the amount of property tax transfer from the special districts as counties indicated that such action was locally unpopular and politically difficult to achieve. Such a shift would create new policy, as the State had previously assumed responsibility for the allocation of property tax revenues among local governments. In light of these concerns, the LAO modified its proposed sources of funding for parole realignment. This proposal excludes the use of Proposition 172 sales tax revenues, but continues to use Vehicle License Fees (VLF) and enterprise waste and water special district property taxes.

The alternate funding proposal redirects additional VLF revenue to support the parole realignment program. The LAO notes that approximately \$510 million of VLF is allocated to the DMV for administrative purposes and \$149 million to cities. These funds would be directed to a special Parole Realignment Subaccount within the existing Local Revenue Account. The LAO believes such a transfer is allowable under the provisions of Proposition 1A.

Under the modified plan, counties would not hold hearings to determine the appropriate amount of property tax revenues to be transferred to the County for use with parole realignment. Instead, the Legislature would make statutory changes to prohibit special enterprise water and waste districts from receiving any property tax revenues other than to service debt. This would not affect revenue to non-enterprise districts, such as fire protection districts.

County boards of supervisors would have to hold a hearing to determine the allocation of those funds within six months. The options would include: 1) allocation of revenues among cities and counties for general purposes to address additional costs of parole realignment to counties and to offset any loss of VLF revenues by the cities; 2) authorizing a county to contract with the special enterprise districts to purchase services allowing water and waste districts to receive an amount of revenue equal to the reduction in property taxes; or 3) authorize a county to lower the property tax rate. The option to lower the property tax rate would also serve as a default if a county failed to have a tax allocation hearing or failed to come to an agreement on the allocation of tax revenues.

The LAO recommends that the board's decisions regarding the allocation of local property taxes only become effective upon approval by the city councils of at least 50 percent of the cities in the county representing at least 50 percent of the population in incorporated areas. In addition, the LAO suggests a periodic local reconsideration of this program with the first reconsideration occurring no earlier than four years after the effective date of the revised allocation.

CSAC Advocacy/Next Steps

As previously noted, County staff are participating in a CSAC task force formed to address parole realignment issues. Membership consists of members of county boards of supervisors, chief executive officers, and department directors. To date, meetings of the task force have included presentations by the Chief Probation Officers' Association of California, the Administrative Office of the Courts, and the LAO. The current focus of the task force is to develop policy guidelines related to the adoption of parole realignment for presentation before the CSAC Board of Directors at its Legislative Conference in Sacramento on May 21 and 22, 2008.

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We will continue to work through the CSAC task force and our Sacramento advocates will ensure that the County's concerns, operational interests, and estimated financial impacts are effectively communicated as budget deliberations commence.

Status of County Legislation

The status of certain County-advocacy bills and bills of County interest are provided in the Attachment.

We will continue to keep you advised.

WTF:GK:MAL
DD:IGR:hg

Attachment

c: All Department Heads
Legislative Strategist
Local 721
Coalition of County Unions
California Contract Cities Association
Independent Cities Association
League of California Cities
City Managers Associations
Buddy Program Participants

STATUS OF COUNTY ADVOCACY LEGISLATION AND BILLS OF COUNTY INTEREST

Status of County-Advocacy Legislation

County-supported AB 2270 (Laird), which would require the State Department of Water Resources to update the targets for utilizing recycled water Statewide every five years; reduce the frequency of reporting recycled water use by agencies from quarterly to annually; and authorize any local agency that maintains a community sewer system to take action to control residential salinity introduced into the waste water system, was placed on the Assembly Appropriations Suspense File on April 30, 2008.

County-opposed AB 2640 (Huffman), which would make all green waste deposited in a landfill, including that used as Alternative Daily Cover, subject to the State's waste disposal fee of \$1.40 per ton effective January 1, 2009 and require the California Integrated Waste Management Board to develop and implement programs that ensure that the amount of green waste currently deposited in landfills in the State annually is 50 percent or less of the amount of green waste disposed or otherwise deposited in landfills during the 2008 calendar year, was placed on the Assembly Appropriations Suspense File on April 30, 2008.

County-supported AB 2726 (Leno), which would permit the use of flexible funding, including Federal funds, to establish the "Healthy Food Purchase" pilot program and extend the sunset date of the pilot program to January 1, 2012, was placed on the Assembly Appropriations Committee Suspense File on April 30, 2008.

County-opposed SB 1165 (Kuehl), which would revise the procedures for preparing and commenting on a draft Environmental Impact Report (EIR), negative declaration, or mitigated negative declaration, and clarify that the draft document must be prepared directly, or under contract to, the lead agency, and revise the procedures for preparing a subsequent or supplemental EIR under the California Environmental Quality Act (CEQA), is scheduled for hearing in the Senate Appropriations Committee on May 12, 2008.

Legislation of County Interest

AB 2005 (Jeffries), as amended on April 3, 2008, which would require the California Department of Parks and Recreation (CDPR) to respond within 30 days to a request from a city, county, district, or other public agency to enter into negotiations regarding the operation of a State park that is scheduled for closure due to budget constraints is currently being held for reconsideration in the Assembly Committee on Water, Parks and Wildlife.

AB 2045 (De La Torre), as amended on April 22, 2008, which would revise and expand the scope of the California Urban Forestry Act of 1978 to promote the environmental benefits of trees in the urban environment to include integrated, multi-benefit projects that assist urban areas with innovative solutions to problems including greenhouse gas emissions, lack of urban parks that are accessible to pedestrians, and insufficient tree maintenance, is scheduled for a hearing in the Assembly Appropriations Committee on May 7, 2008.

AB 2281 (Nava), as amended on April 15, 2008, which would increase the penalty for any person to be intentionally present, as a spectator, at any place, building, or tenement where preparations are being made for a dog fight, or to be knowingly and intentionally present at a dog fight, was placed on the Assembly Appropriations Committee's Suspense File on April 30, 2008.

AB 2494 (Caballero), as introduced February 21, 2008, which would establish the Housing-Related Parks Program under the administration of the California Department of Housing and Community Development (CDHCD) for the purpose of allocating \$200 million in Proposition 1C funds available for housing-related park grants in urban, suburban, and rural areas, passed the Assembly Committee on Water, Parks, and Wildlife on April 15, 2008 by a vote of 8 to 4 and is currently awaiting a hearing in the Assembly Committee on Appropriations.

AB 2687 (Krekorian), as amended on April 17, 2008, which would require the California Department of Parks and Recreation to establish a competitive grant program to allocate \$100 million in Proposition 84 funds for grants for nature education and research facilities and equipment to non-profit organizations and public institutions, including natural history museums, aquariums, and botanical gardens, was placed on the Assembly Appropriations Committee's Suspense File on April 30, 2008.

AB 2723 (De La Torre), as amended on April 21, 2008, which would allow the California Department of Water Resources to expend \$90 million in Proposition 84 funds allocated for planning grants and planning incentives for grants to public agencies and special districts for the planning and development of dual water piping systems to allow for the delivery of potable and recycled water for non-potable purposes, is scheduled for a hearing in the Assembly Appropriations Committee on May 7, 2008.

AB 2989 (Fuentes), as introduced on February 22, 2008, which would establish the Outdoor Environmental Education and Recreation Program in the California Department of Parks and Recreation (CDPR) for the purpose of increasing the ability of underserved and at-risk populations to participate in outdoor recreation and educational experiences by awarding grants to education programs that are available to the public and are operated by public entities or non-profit organizations, is set for a hearing in the Assembly Appropriations Committee on May 7, 2008.

AB 2915 (Nuñez), as introduced on February 22, 2008, which would establish a governing council to coordinate the State's policies and funding priorities for Proposition 84 bond funds allocated for urban greening (\$90 million) and planning grants and planning incentives (\$90 million), was placed on the Assembly Appropriations Committee's Suspense File on April 30, 2008.